

Extensive hypermarket chains may be curbed

Development of small town trading in jeopardy

By Anna Semiletova

The wonderful hypermarkets which initially sprung up in Minsk and across regional centres are now opening in smaller district centres. Of course, customers are delighted to be given more choice but the move will undoubtedly impact on small local shops, which cannot compete on selection or price (being unable to negotiate volume discounts). Discussing the issue at a press conference, President Alexander Lukashenko has instructed the Government to study the impact of chain stores.

No legislation currently controls chain stores, although Vyacheslav Dragun, Deputy Minister for Trade, tells us that a draft law on state regulation of trade and public catering sites 'limits the presence of chains where their market share exceeds 30 percent'.

The world model encourages free competition but the Deputy Minister tells us that authorities are keeping an eye on the spread of chain retailers, to ensure that a monopoly does not occur. According to Trade Ministry data,

large retail chains' current share does not exceed 20 percent, with variation depending on an area's infrastructure. Some chains claim just 4-5 percent of the local market, while others boast a worrying 27 percent.

More powerful players seek entry to the market, with investment proposals submitted from the world's major trading companies. However, according to Mr. Dragun, 2013 won't see many new branches opening, since each costs around \$100m to set up: a significant figure in these hard times.

He admits that placing such hypermarkets on the edges of settlements is preferable, as seen in Minsk. However, the Deputy Minister for Trade sees no harm in each city suburb having its own branch. "Not all Minsk residents have cars to allow them to reach such shops for weekly purchases," he notes, adding that if the opening of large chain stores leads to the closure of smaller shops, the Ministry for trade will respond, without waiting for the law. It seems that the issue remains open-ended.



Shopping room of one of Gomel's hypermarkets is always crowded

From sales to brand production

American Gerber Technology to manufacture equipment for light industry in Belarus

The new enterprise is supposed to open next year. Belarus has experience of buying Gerber equipment, with maintenance service provided, explains the Head of Gerber Technology Belarus, Vladimir Gressky. "We'll need at least 1,000 square metres to house the manufacturing facility. Negotiations are underway and the enterprise may be located in Minsk or Smolevichi," he tells us. The company's plans to set up an enterprise in Belarus show its interest in promoting business ties with the Republic and are evidence of the favourable business terms offered to foreign investors.

According to Mr. Gressky, Gerber Technology sells \$2-2.5m of equipment to Belarus every year, catering to 64 Belarusian companies, including some major enterprises.

Every successive zero has its own significance

By Kirill Yemelianov

National Statistics Committee releases major economic financial results for first eleven months of 2012, with some surprises

From January-November 2012, the country's enterprises and organisations earned over a thousand trillion Belarusian Roubles from selling goods and services. "Everything is correct, without error," stresses the National Statistics Committee. The figure is almost double that seen across the same period of 2011.

The figure has embarrassed economists over which word comes after trillion: trillion or quadrillion?

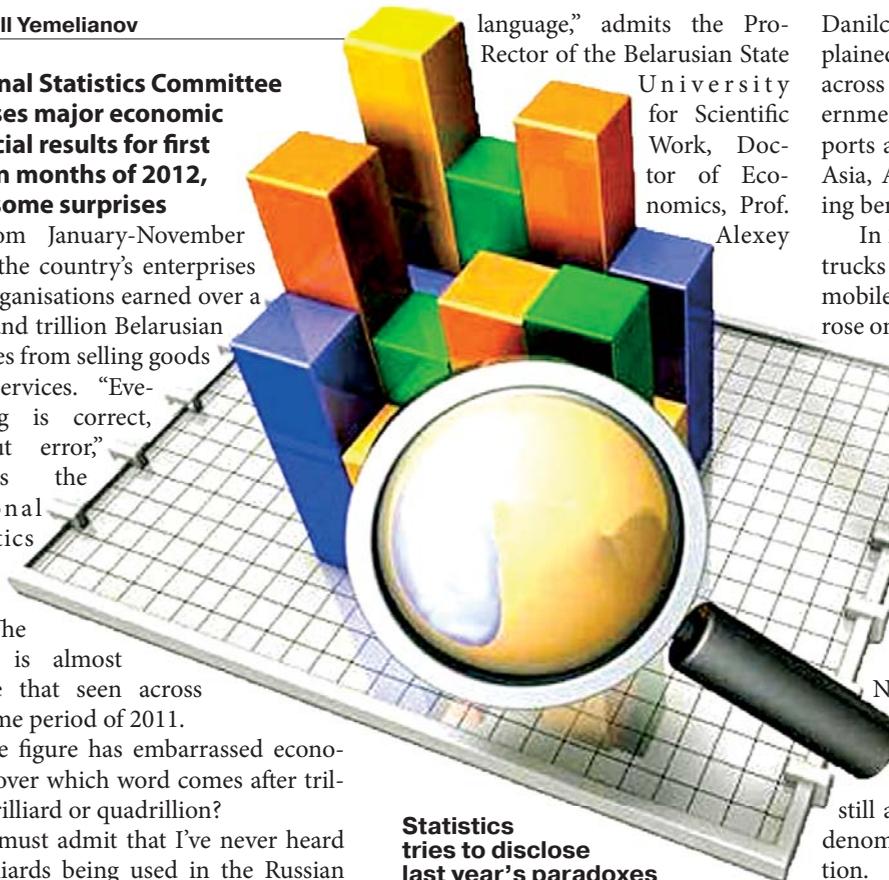
"I must admit that I've never heard of trilliards being used in the Russian

language," admits the Pro-Rector of the Belarusian State University for Scientific Work, Doctor of Economics, Prof. Alexey

Danilchenko. "Such growth may be explained by our rise in manufacturing across various sectors. Moreover, Governmental policy aims to expand exports and enter new foreign markets in Asia, Africa and Latin America, bringing benefits."

In 2012, output of heavy-duty dump trucks and tyres, other trucks and automobiles, medicines, tractors and TV sets rose on 2011. Profitability of these goods (and services) totalled almost 13 percent while the number of loss-making organisations fell from 546 in 2011 to 495 (around 6 percent).

Despite figures with 15 zeros appearing in official reports, the National Bank is reluctant to change the value of currency. Nadezhda Yermakova, the Chair of the Board of the National Bank, recently noted that there are no plans to 'throw off zeroes', as 'inflation is likely to stand at 12 percent — which is still a high figure'. There's no need for denomination under such levels of inflation.



Statistics tries to disclose last year's paradoxes



Mutual interest remains

By Sergey Pimenov

Yelena Kupchina, Belarus' Deputy Foreign Minister, notes that Swedes are keen to expand trade-economic co-operation

Following a meeting with the Swedish delegation, Ms. Kupchina tells us, "We're conducting dialogue, at Sweden's initiative, on how best to improve relations with this country. The outcome of the talks will depend on good will, including from the Swedish side."

The Deputy Foreign Minister stresses that, despite poor Belarusian-Swedish relations, steady economic collaboration continues, while direct Swedish investments continue to rise, showing 'mutual interest' Ms. Kupchina emphasises.

Sold for 5.1m Euros

Belarusian Honorbank, using Iranian capital, sells for 5.1m Euros

All of the 15 million shares in Honorbank have been sold on the Republic's over-the-counter market, with the transaction registered by the Belarusian Currency and Stock Exchange. The price fetched exceeded their nominal value by 25.9 percent.

Honorbank was founded in October 2009 (by Iranian Refah Kargaran Bank, Saderat Iran Bank and the Toseeh Saderat Iran/Export Development Bank of Iran) using 100 percent foreign capital. It has funded various investment projects for Iranian businesses in Belarus and has specialised in interbank transactions. As of October 1st, 2012, Honorbank assets were valued at Br160.1bn while its authorised fund was valued at Br46.71bn and its regulatory capital amounted to Br94.6bn.

In 2010, the US Treasury imposed sanctions on Honorbank, suspecting it of financing the Iranian nuclear programme. Sanctions were also imposed on another Belarusian bank founded in co-operation with Iran — the Trade Capital Bank, whose main founder is Iranian Tejarat Bank, which holds a 99.89 percent stake in the company.